

BLM Cedar City Field Office Site Inspection Report

Feb. 26, 2009

Site: UTU-79703
Bright Quarry, Negotiated Sales Contract
3H Landscaping Supply

Inspector: Ed Ginouves, CCFO Mining Engineer

On Feb. 25, 2009, I made a routine visit of the Bright Quarry, a five-year negotiated material sales contract for a total of 100,000 tons of decorative rock to be removed in the period of 1/1/2007 through 12/31/2011. The previous inspection was made on December 12, 2008.

The quarry site is permitted under the DOGM rules as a large mine operation. The current permit, which was granted final approval in December 2003, allows for up to 19 acres of total site disturbance. The permit calls for two processing & stockpiling areas, five pit areas, and associated access roads. The reclamation bond for the permit area is currently \$58,200. A series of non-competitive contracts have been issued to the permittee, Stone Plus (Neil Bradshaw), and the operation has been operated continuously since 2003. Cumulative reported production from the site through the end of 2008 has been 144,000 tons. Production rate have fallen dramatically in the 4th quarter of 2008, to ~1/3 of prior quarters – another victim of the general economic slowdown/credit crisis.

Mr. Bradshaw informed me in July, 2008 that the site operator, 3H Landscaping, had declared bankruptcy recently. Apparently they had seriously underpaid Federal income taxes. The bank issuing the letter of credit securing the DOGM reclamation bond notified BLM/DOGM in August they would not renew the letter of credit. Mr. Bradshaw managed to get the reclamation liability transferred from 3H Landscaping to himself before the November 16 expiration date and so Mr. Bradshaw is now both the permittee and the site operator.

The weather was sunny, mild and windy. Site conditions were damp from recent rains and melted snow.

Inspection Findings: There was a single employee on site (Mike) who was doing some maintenance on some soft spots in the main access road to the south processing area and loading any trucks that showed up to the site. In my conversation with Mike I learned the following:

Mike said sales have been very slow, sometimes only 1-2 trucks a day to the St. George/Mesquite area. He and Mr. Bradshaw are the only two employees at present, although they will be hiring another employee if sales pick up in the spring. Mike has had to take a voluntary pay cut to remain employed. There are no plans for any additional production blasts in the near future; at current sales rates the existing stockpiles and scavenging of remaining rock in the pits from prior shots will be adequate to meet demand. The rock from the Peaches and Cream pit is now sold under the name of "Sunset Rock"; the Peanut Brittle Pit is now marketed as "Calico".

The individual pits and processing areas remain essentially unchanged from the conditions noted in my December, 2008 inspection. All material sold has come from existing stockpiles and comparison of photos taken in Dec., 2008 with current conditions evidence these sales have been small. Auctioned and sold equipment in the south processing area still remains in place – Mike says that the buyers have yet to remove it – which has prevented Stone Plus from setting up in the south processing area. Mike said that they will likely leave the crusher set up in the Autumn Red pit where it is for the time being and may

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arrange for another operator to bring a separate crush/screen plant to the south processing area when the auctioned off 3 H plant there is removed.

There has been no increase in the disturbed footprint of the operations area.

Photographs were taken and are attached. All but the Peanut Brittle pit north are within the designated permit areas.

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